

MEASUREMENT FOCUS-BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

The accounts of the city are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Account groups are a reporting requirement to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Governmental funds are used to account for the city's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The city considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for non-matured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgements which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, licenses, interest and special assessments are susceptible to accrual. Gross receipts taxes collected and held by the state at year end on behalf of the city are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the city and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental Funds include the following fund types:

The General Fund is the city's primary operating fund. It accounts for all financial resources of the city, except those required to be accounted for in another fund.

The special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes.

The debt service funds account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The capital project funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Proprietary Funds are accounted for on the flow of economic resources measurement focus and use the full accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary Funds include the following fund types:

The enterprise funds account for those operations that are financed and operated in a manner similar to private business or where the city has decided that the determination of revenues earned, cost incurred and/or net income is necessary for management accountability.

The internal service funds account for operations that provide goods or services to city departments on a cost-reimbursement basis.